

Message Text

CONFIDENTIAL

PAGE 01 LIBREV 00891 121802Z

46

ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-06 NEA-10 ISO-00 IO-10

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

FEAE-00 FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05

OMB-01 PM-03 USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04

TRSE-00 FRB-03 PRS-01 PA-01 /133 W

----- 018758

R 121500Z JUN 75

FM AMEMBASSY LIBREVILLE

TO SECSTATE WASHDC 6518

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY BEIRUT

AMEMBASSY CARACAS

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LONDON

AMEMBASSY QUITO

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMEMBASSY VIENNA

C O N F I D E N T I A L LIBREVILLE 0891

E.O. 11652: GDS

TAGS: ENRG, OPEC, GB

SUBJ: OPEC MINISTERIAL WRAP-UP

REF: LIBREVILLE 0884

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PAGE 02 LIBREV 00891 121802Z

1. REFTEL TRANSMITTED PRESS RELEASE ISSUED AT END OF 44TH

OPEC MINISTERIAL CONFERENCE HELD LIBREVILLE. FOLLOWING
ARE EMBASSY COMMENTS AND OBSERVATIONS ON CONFERENCE RESULTS.

2. CLEARLY BIGGEST RESULT OF CONFERENCE WAS TO AVOID
ANY TYPE OF PRICE INCREASE BEFORE OCTOBER 1, 1975, THUS
STICKING TO LETTER OF OPEC PROMISE MADE IN DECEMBER 1974
TO FREEZE PRICES FOR NINE MONTHS. THERE WAS CONSIDERABLE
FEELING IN CONFERENCE THAT OPEC COULD STICK TO SPIRIT OF
THIS PROMISE AND STILL MAKE PRICE "CORRECTION" BY
ADOPTING SDR'S AS UNIT OF ACCOUNT FOR OIL. EXPERTS
REPEATEDLY MENTIONED 8.6185 SDR'S PER BARREL AS POSSIBLE
PRICE. THIS WOULD RAISE YEARLY WORLD OIL BILL BY MORE
THAN DOLS 25 BILLION BASED ON DAILY OPEC PRODUCTION OF
25 MILLION BARRELS. BIGGEST PROPONENT OF THIS PROPOSAL
REPORTEDLY IRAN, WHEREAS SAUDI ARABIA AND KUWAIT LED
FIGHT AGAINST ANY PRICE INCREASES BEFORE OCTOBER 1.

3. ADOPTION OF SDR'S AS UNIT OF ACCOUNT FOR OIL BEGINNING
IN OCTOBER IN ONE SENSE A COMPROMISE BETWEEN TWO POSITIONS
ABOVE, AS PRINCIPLE OF SDR'S ADOPTED BUT NO ACTION TO BE
TAKEN THAT WOULD RAISE PRICES BEFORE OCTOBER. HOWEVER,
ISSUE OF SDR'S (OR ANY OTHER SYSTEM) REPLACING DOLLAR
WAS HOTLY DEBATED AS SOME DELEGATIONS, PARTICULARLY
KUWAITIS, FELT THAT THERE SHOULD BE SOME STUDY OF POSSIBLE
RAMIFICATIONS OF SWITCHING TO SDR'S--ESPECIALLY OF DOLLAR
SHOULD APPRECIATE. SHOULD DOLLAR APPRECIATE SIGNIFICANTLY
BETWEEN NOW AND OCTOBER, IT QUITE POSSIBLE THAT
LIBREVILLE AGREEMENT IN PRINCIPLE WILL BE QUIETLY
FORGOTTEN.

4. THE DECISION NOT TO RAISE PRICES IMMEDIATELY BUT
TO RAISE THEM IN OCTOBER IS NOT LINKED TO CONSUMER/
PRODUCER TALKS, ALTHOUGH THIS WAS DISCUSSED. GENERAL
FEELING ABOUT SECRETARY KISSINGER'S PROPOSALS WAS THAT
THEY WERE POSITIVE STEP BUT THAT WORK OF THREE COMMISSIONS
SHOULD MOVE ALONG SIMULTANEOUSLY AND THAT THERE SHOULD
BE SOME LINK BETWEEN PROGRESS IN EACH COMMISSION. OBVIOUS
FEAR WAS THAT ENERGY COMMISSION, AS MOST IMPORTANT,
WOULD COMPLETE WORK FIRST AND OTHER COMMISSIONS WOULD
THEN NEVER REACH DECISIONS.
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PAGE 03 LIBREV 00891 121802Z

5. INDEXATION OF PRICES AND PRODUCTION CUTBACKS TO MAIN-
TAIN PRICE REPORTEDLY NOT DISCUSSED. QUALITY DIFFERENTIALS
IN PRICING DISCUSSED AND TURNED OVER TO EXPERTS FOR FURTHER
STUDY WITH AIM OF ADOPTING ONE PRICE FOR OIL. DECISION
ON NATURAL GAS FIRST STEP TOWARDS COMMON OPEC POLICY AND
PRICE FOR THIS COMMODITY, BUT IT WAS RECOGNIZED THAT MANY
PROBLEMS REMAIN TO BE SOLVED BEFORE THIS CAN BE ACHIEVED.

6. DELEGATION FROM UN LED BY NORWEGIAN AMBASSADOR TO UN OLE ALGARD MADE PRESENTATION TO CONFERENCE ASKING FOR MONEY FROM OPEC TO UN SPECIAL FUND CREATED IN SPRING OF 1974 TO AID COUNTRIES MOST AFFECTED BY WORLD ECONOMIC CRISIS. REPORTEDLY OPEC TOOK NO ACTION ON THIS REQUEST, THOUGH IT POSSIBLE THAT INDIVIDUAL COUNTRIES MAY GIVE MONEY.

7. REPORTEDLY, SYRIA AND CONGO BOTH OFFICIALLY ASKED FOR OPEC MEMBERSHIP, WHILE MEXICO AND PERU DID NOT OFFICIALLY SEEK MEMBERSHIP.

8. GENERAL OPINION WAS THAT YAMANI AND AMUZEGAR ABSENT IN ORDER TO MAINTAIN THEIR COUNTRIES' FLEXIBILITY IN CONSUMER/PRODUCER DIALOGUE AND REGARDING PRODUCTION CUTS. ARGUMENT GOES THAT, ALTHOUGH IRAN AND SAUDI ARABIA OPEC MEMBERS, THEY ARE NOT ATTENDING CONSUMER/PRODUCER CONFERENCE AS REPRESENTATIVES OF OPEC AND THUS THEY WOULD NOT WANT OPEC PASSING RESOLUTION CALLING ON FOUR OPEC "REPRESENTATIVES" AT PRODUCER/CONSUMER CONFERENCE TO ADOPT CERTAIN POSITIONS. RE PRODUCTION CUTS, BOTH IRAN AND SAUDI ARABIA HAVE REPORTEDLY CUT PRODUCTION TO MAINTAIN PRICE, BUT AGAIN REPORTEDLY DID NOT WANT TO HAVE RESOLUTION PASSED BY CONFERENCE THAT WOULD MAKE THESE CUTS FORMAL OPEC POLICY.

9. GABONESE VERY PLEASED WITH CONFERENCE AS FOR SEVERAL DAYS IT PUT LIBREVILLE AT CENTER OF WORLD'S ATTENTION. DELEGATES AND JOURNALISTS UNANIMOUS IN PRAISE FOR GABONESE HANDLING OF CONFERENCE AS FACILITIES AND ARRANGEMENTS MORE THAN ADEQUATE. THUS, FROM GABONESE VIEWPOINT CONFERENCE WAS A GREAT SUCCESS.

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PAGE 04 LIBREV 00891 121802Z

10. PRESS RELEASE AND PRESIDENT'S SPEECH AT OPENING CEREMONY BEING POUCHED EB/FSE. COUNTRYMAN

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